

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	148.94	149.54	+1.15	▼1.82
EUR	1.0916	1.0888	▼0.0023	+0.0040
AUD	0.6540	0.6543	▼0.0013	+0.0034
SGD	1.3400	1.3419	+0.0034	▼0.0085
CNY	7.1444	7.1648	+0.0241	▼0.0820
INR	83.32	83.32	▼0.03	+0.17
IDR	15575	15575	+135	+40
MYR	4.6804	4.6770	+0.0200	+0.0045
PHP	55.49	55.48	+0.08	▼0.36
THB	35.22	35.21	▼0.02	▼0.24

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.404%	+1.2 bp	▼12.7 bp
JPY (10YR)	0.725%	+2.2 bp	▼7.7 bp
EUR* (10YR)	2.560%	▼0.6 bp	▼8.4 bp
AUD (5YR)	4.138%	▼0.7 bp	▼9.3 bp
SGD (5YR)	2.930%	+0.7 bp	▼2.4 bp
CNY (5YR)	2.565%	+1.6 bp	+4.8 bp
INR (5YR)	7.241%	▼1.8 bp	+4.4 bp
IDR (5YR)	6.655%	+2.4 bp	▼10.1 bp
MYR (5YR)	3.617%	▼0.2 bp	▼2.0 bp
PHP (5YR)	6.214%	+0.4 bp	▼9.8 bp
THB (5YR)	2.646%	+1.5 bp	▼12.9 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	35,273.03	+0.53%	+0.81%
N225 (JP)	33,451.83	+0.29%	▼0.20%
STOXX 50 (EU)	4,352.02	+0.46%	+0.85%
ASX (AU)	4,069.60	▼0.04%	▼0.33%
STI (SG)	3,114.92	+0.60%	▼0.55%
SHCOMP (CN)	3,043.61	▼0.79%	▼0.95%
SENSEX (IN)	66,023.24	+0.14%	+0.53%
JSE (ID)	6,906.95	▼0.79%	▼0.74%
KLSE (MY)	1,455.89	▼0.51%	▼0.75%
PSE (PH)	6,253.18	+0.71%	+1.33%
SET (TH)	1,414.15	▼0.66%	▼0.07%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	275.11	▲0.70%	▲0.62%
COPPER (LME)	8,353.00	+0.00%	+2.21%
IRON ORE (CN)	131.40	+0.34%	+0.86%
GOLD	1,990.17	▲0.41%	+1.55%
OIL (WTI)	77.10	▼0.86%	+0.57%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	149.47	EUR/USD	1.0888
USD/SGD	1.3421	USD/THB	35.26
JPY/SGD	0.8979	USD/MYR	4.688

Forecast

USD/JPY	148.00 - 150.00
EUR/USD	1.0820 - 1.0940
AUD/USD	0.6450 - 0.6550
USD/SGD	1.3380 - 1.3450
JPY/SGD	0.8920 - 0.9088
USD/CNH	7.1300 - 7.2600
USD/INR	83.20 - 83.40
USD/IDR	15500 - 15650
USD/MYR	4.670 - 4.700
USD/PHP	55.40 - 55.70
USD/THB	35.00 - 35.60

Today's Direction

	Bull	Bear
USD/SGD	5	0
USD/JPY	4	1

Three Take-aways:

- 1) Lower jobless claims and higher inflation expectations pared back Fed pivot bets and UST yields rose.
- 2) Contracting capital goods orders marred picture of US resilience.
- 3) BI to hold as weaker USD alleviates IDR stability concerns: macro fundamentals broadly supportive.

Durability Pondered

- A final print of a survey usually has little revisions as a majority of responses would have been incorporated. As such, an **increase in inflation expectations** (alongside improved sentiments) from the final print of the Uni. of Michigan survey had **markets pondering** if Fed **pivot bets had been taken too far as UST yields climbed** (2Y: +2.7bp; 10Y: +1.2bp). Furthermore, a **sharp drop in initial jobless claims** providing reminders of a tight labour market added to these considerations.

- **US equities** latched onto these signs of US "resilience" to **close higher** across the board.

- Nonetheless, economic signals were not an "all-clear" as **durable goods orders** (excluding air transport and defense) **contracted** in October by 0.1% and even **September's** print was **downwardly revised** from a 0.5% **expansion** to a 0.2% **contraction**. Notably, to reconcile the data, it is perhaps worth remembering that employment is a lagging indicator of economic activity.

- The **durability** of elevated **oil prices** was also pondered as **OPEC+** postponed their meeting scheduled this weekend to 30 November and sent **Brent crude plunging** below US\$79 which subsequently recovered above US\$81. While further supply cuts appears to be a **high bar** amid tough negotiations with African members, **durability of current supply reductions is also put in doubt**.

- **Doubts about persistent USD weakness** crept in amid higher UST yields. USD/JPY soared above mid-149; EUR sank below 1.09; AUD below mid-0.65. USD/SGD ascended above 1.34.

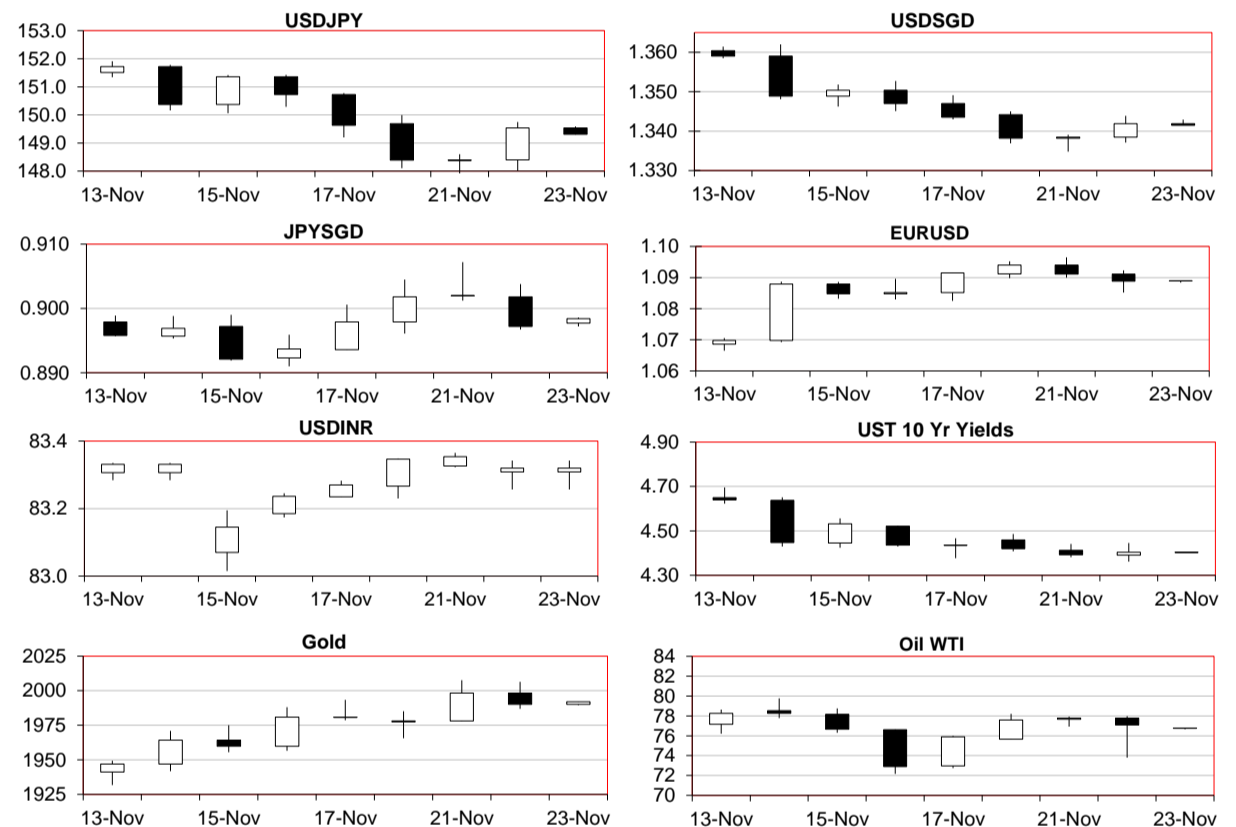
BI: Rupiah Stability Reigns

- We expect **BI to stand pat at 6.00%** at this afternoon's policy meeting. To be sure, **rupiah stability objectives and concerns are not negated**. Especially as **IDR underperformance** has not been significantly mitigated, despite being partially alleviated.

OVERNIGHT RESULTS

(TW) Unemployment Rate (Oct): 3.4% (Mkt: 3.4%; Sep: 3.4%) | (EZ) Consumer Confidence (Nov P): -16.9 (Mkt: -17.8; -17.9) | (US) Initial Jobless Claims: 209k (Mkt: 227k; Prev: 231k) | (US) Uni. Of Michigan Sentiment/Expectations (Nov F): 61.3/56.8 (Mkt: 61.0/-; Prelim: 60.4/56.9) | (US) Uni. of Michigan 1yr/5-10yr Inflation Expectations (Nov F): 4.5%/3.2% (Mkt: 4.4%/3.1%; Prelim: 4.4%/3.2%) | (US) Durable Goods Orders/Nondef Ex Air (Oct P): -5.4%/-0.1% (Mkt: -3.2%/0.1%; Sep: 4.6%/0.5%; Revised: 4.0%/-0.2%)

* Past Two Weeks Movement *



- Which suggests that more policy action may be needed depending on the degree USD headwinds. - Tellingly, BI Governor Warjiyo on 3 Nov again reiterated that monetary policy will be "pro-stability". However, **the case for rupiah stability, while still present, is arguably not as pressing as in October** as recent developments has likely bought BI some breathing space.

- With sufficiently benign US inflation and still contained geopolitical conflicts, odds of another Fed hike have been dialled back and **USD strength has moderated**. Even if risks re-emerge, BI could act on 21 Dec after the 12 Dec FOMC. Hence, BI is unlikely to **jump the gun now**.

- What's more, BI launched two new FX-denominated instruments (on 21 Nov) that could alleviate acute FX IDR selling; as the short-term (<1Y) bills, SVBI and SUVBI, provide investors access to FX-denominated tradable instruments **circumventing FX spot market**. It is likely BI would need some time to assess the efficacy of the new tools in stabilising the IDR.

- **Domestic conditions also broadly support a pause**. Inflation is expected to be manageable through 2024, and even as Indonesia has reverted back to a "twin deficit" status in Q2 (and likely Q3), initial signs point to the likelihood of a smaller current account deficit in Q4 with a stable trade balance backed by moderating exports contraction. Meanwhile, fiscal deficit is likely to be safely within 3% GDP ceiling even as expenditures ramp up heading into elections.

- Elections spending and the attendant increase in household expenditure should also support **growth temporarily**, even as external demand remains fragile.

- All in, while rupiah stability concerns linger, the BI could afford to take a pause for now.

FX Daily Outlook

- EUR/USD: Financial stability concerns may grip and restrain attempts to durably retake 1.09.
- USD/JPY: Buoyancy retained above 148 as UST yields edge higher.
- USD/SGD: UST asserting for consolidation above 1.34.
- AUD/USD: China rescue efforts show extent of worries unable to excite further rallies.

TODAY'S EVENTS

(SG) CPI/Core YoY (Oct): (Mkt: 4.5%/3.1%; Sep: 4.1%/3.0%) | (AU) Mfg/Services PMI (Nov P): (Mkt: -/-; prev: 48.2/47.9) | (TW) Industrial production YoY (Oct): (Mkt: -6.6%; Sep: -6.7%) | (EZ) Mfg/Services PMI (Nov P): (Mkt: 43.5/48.1; 43.1/47.8)
 Central Banks: BI Policy meeting | ECB Meeting Minutes

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